



# **Fiscal Year 2015-16**

## **Submission Guidelines for Agency Budget Plans**

August 19, 2014

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### **INTRODUCTION**

The budget instructions and templates for FY 2015-16 closely resemble those used last year, but please review them closely because there are a number of important changes. Many of these revisions are intended to improve the transparency of the state's budget process. As a result, realignments and allocations of statewide employee benefits must now be documented through separate decision packages.

There have also been several important changes made due to the passage of the Restructuring Act of 2014 and/or the adoption of new budget provisos. Some notable examples:

- Proviso 117.132 directs agencies to submit information technology and information security plans to the Division of Technology by October 1, 2014.
- Section 1-30-10(G)(1) directs agencies to submit an annual report no later than the first day of the 2015 legislative session "giving detailed and comprehensive recommendations for the purposes of merging or eliminating duplicative or unnecessary divisions, programs, or personnel within each department to provide a more efficient administration of government services."
- Section 1-30-10(G)(2) further requires agencies to submit a report no later than the first day of the 2015 legislative session that contains "a seven-year plan that provides initiatives and/or planned actions that implement cost savings and increased efficiencies of services and responsibilities within the projected seven-year period."

Agencies should carefully consider these reporting obligations to ensure that their budget requests reflect the plans and proposals submitted in accordance with the items above. For instance, an agency's request for additional funding for technology needs should have a clear foundation in the information technology plan.

## METHOD OF SUBMISSION

### DEADLINE

Printed and electronic copies of agencies' budget plans must be filed by **Wednesday, October 1, 2014**. Any decision packages in the PBF system must be advanced to Stage 209 by this date.

### COMPONENTS

Each agency must submit printed and electronic versions of the following:

- Form A: Summary (MS Word)

Agencies must also submit electronic versions of any of the following that apply:

- Form B: Program Revision Request (MS Word)
- Form C: Capital or Non-Recurring Request (MS Word)
- Form D: Proviso Revision Request (MS Word)

Agencies will also submit any decision packages through the PBF system. Form B (recurring) or Form C (one-time) must be completed for each decision package, except for "push down" decision packages as described in the "General Guidance and Key Assumptions" section of these instructions.

### PRINTED SUBMISSIONS

A printed copy of Form A should be delivered to the following address:

Attn: Bonny Anderson  
Executive Budget Office  
1205 Pendleton Street, Suite 529  
Columbia, SC 29201

### ELECTRONIC SUBMISSIONS

Agencies must also electronically file their budget plans by emailing the required documents to **banderson@budget.sc.gov**. These documents should be in the same format as the original templates, except for Form A, which may be submitted in PDF format to reflect the department head's signature. **Otherwise, do NOT submit documents in PDF format.**

### DISTRIBUTION

The Executive Budget Office will publish the submitted plans online for the use of the Governor's Office, the House Ways and Means Committee, the Senate Finance Committee, and members of the public.

### REVISIONS

Agencies may submit revisions to their plans after October 1 until a date to be determined by the Executive Budget Office. The most recent version of an agency's plan will be published online alongside the agency's initial submission.

### QUESTIONS

Please direct questions to your EBO liaison.

## **GENERAL INSTRUCTIONS**

### **OVERVIEW**

The FY 2015-16 Executive Budget will incorporate additional elements that will further develop the alignment between South Carolina's annual budget presentation and both of the following:

1. Budget guidelines established by the National Advisory Council on State and Local Budgeting
2. Best practices identified by the Government Finance Officers Association

The Governor's Office will draw some content from the Annual Accountability Reports that agencies will submit no later than September 15, 2014, pursuant to Proviso 117.31. Agencies should be aware that some material from those reports – especially mission statements, goals, objectives, and information on performance measures – is likely to appear in the January 2015 budget presentation. The Governor's Office assumes that agencies have thoroughly reviewed their accountability reports prior to submission, and as a result, will not necessarily ask agencies to revalidate that information.

### **FORMS**

An agency's budget plan will be comprised of some or all of the following:

- 1. Form A – Summary**
  - This form provides a snapshot of the agency's request, confirms the identities of the appropriate agency contacts, and must be signed by the department head and board or commission chair if applicable. All agencies must submit this form.
- 2. Form B – Program Revision Request**
  - An iteration of this form must be completed for each decision package (for recurring funds) submitted in the PBF system.
  - This form must also be used to adjust an agency's base budget, whether to allocate funding for statewide employee benefits, propose realignments, or to effect broader restructuring changes that have already been approved through the Executive Budget Office.
- 3. Form C – Capital or Non-Recurring Request**
  - An iteration of this form must be completed for each decision package (for a one-time appropriation) submitted in the PBF system.
- 4. Form D – Proviso Revision Request**
  - An iteration of this form must be completed for each proviso that an agency wishes to add, amend, codify, or delete. This includes technical changes, such as to a fiscal year reference.
- 5. Any decision packages submitted through the PBF system**

## TIMELINE

### Initial Agency Planning

- (Aug. 19) Budget instructions released
- (Sept. 5) Restructuring requests due
- (Sept. 15) Agency Accountability Reports due
- (Oct. 1) Agency Budget Plans due

### Central Review and Coordination

- (Oct. 7-24) Governor's Office meets with agencies
- (Nov. 10) BEA certifies preliminary FY 2014-15 revenue estimate

### Final Development and Publication

- (Early January) Release of FY 2014-15 Executive Budget
- (Jan. 13) First day of 2015 legislative session


## COMPLETING THE FORMS

The header of each form contains fields into which agencies should enter their names, codes, and section numbers. Once entered on the first page of a form, this information will be replicated throughout the document. It must be entered once for each form submitted.

**Figure 1 – Example of a Completed Form Header**

AGENCY NAME:	Department of Public Safety		
AGENCY CODE:	K050	SECTION:	63

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**Fiscal Year 2015-16  
Agency Budget Plan**

Agencies should submit a single file for each relevant form type, regardless of the number of iterations contained within. For instance, an agency that wishes to modify 15 provisos would submit a single copy of Form D that contains 30 or more pages. The templates for Forms B, C, and D contain three iterations of each form.

The sizes of the fields on each form are not intended to limit or constrain an agency's response. Please provide as much depth and context as executive and legislative decision-makers will require in order to make informed decisions about next year's spending priorities. Also, the forms have been designed so that fields will automatically expand to accommodate lengthier submissions. Agencies should not be concerned with how this may affect pagination of the submitted forms.

## GENERAL GUIDANCE AND KEY ASSUMPTIONS

Agencies should adhere to the following guidelines and assumptions when developing their budget plans:

<b>DOLLAR AMOUNTS</b>	Dollar amounts should be reported in whole dollar increments. Do not use cents.
<b>EMPLOYEE SALARIES</b>	Assume there will be no general, statewide compensation changes in FY 2015-16.
<b>EMPLOYEE BENEFITS</b>	Calculate fringe benefits using the Executive Budget Office's "Employer Contributions Rate Table."
<b>PROGRAM CITATIONS</b>	<p>When identifying programs, please do so at the greatest possible level of detail. For instance, consider the following program at DHEC:</p> <p><i>II. Programs and Services</i> <i>A. Water Quality Management</i> <i>2. Water Management</i></p> <p>This program should not be cited merely as "II. Programs and Services, A. Water Quality Management," because there is an additional level of hierarchy for "2. Water Management."</p>
<b>REVENUE CODING</b>	<p>Revenue sources for expenditure requests tied to Other/Federal fund sources should be cited at a highest and most general level unless a single, definite revenue fund source can be identified for the expenditure request:</p> <ul style="list-style-type: none"><li>• Other (Earmarked): 30000000</li><li>• Restricted (Earmarked): 40000000</li><li>• Federal: 50000000</li></ul> <p>Agencies may submit decision packages in PBF to "push down" identified fund sources for existing expenditures to a more granular level without submitting an accompanying Form B.</p>

## QUESTIONS

General questions about the FY 2015-16 budget process or the PBF system should be directed to your EBO liaison. Please contact Josh Baker at (803) 734-5153 or [joshbaker@gov.sc.gov](mailto:joshbaker@gov.sc.gov) with any specific questions regarding the Governor's Office's intentions for these forms.

## **DECISION PACKAGES**

### ***WHAT IS A DECISION PACKAGE?***

Beginning in FY 2014-15, agencies' requests were organized around the "decision package" concept. A decision package is an agency's request, presented in a singular coherent proposal that can be evaluated independently, to revise its budget for a specific reason, through any combination of changes to appropriations lines and funding sources. More succinctly, a decision package might also be conceptualized as the set of proposed appropriations changes (dollars and FTEs) that are necessary to implement a single high-level policy choice or initiative.

A decision package may:

- Result in a net increase or decrease in appropriations; it may also have no net impact on total appropriations levels, if the decision package includes multiple changes that sum to the prior total.
- Change the components of funding for a particular program(s) without changing the total amount of funding – for instance, a decision package may propose to replace an anticipated loss of \$400,000 in federal funds with an equivalent amount from the General Fund.
- Eliminate an existing program, establish a new program, combine current initiatives, or materially change the cost, scope, and/or method of funding an ongoing program or related programs.
- "Push down" the funding source for a program's expenditures from the general (for instance, 30000000) to a more specific level (35050000).

A decision package may not:

- Be so broadly constructed that it indistinguishably bleeds together the potential budgetary impact of two or more high-level policy decisions.
- Be so narrowly defined that it cannot stand independently, meaning that two or more decision packages must be jointly approved in order to achieve a single policy outcome.
- Combine recurring and non-recurring requests into a single decision package.

### ***VALID AND COMPLETE AGENCY BUDGET PLANS***

An agency may present one or several decision packages in FY 2015-16, or none at all. An agency's set of decision packages must be an exhaustive and mutually exclusive list of its requested funding changes for the upcoming year. These decision packages must be constructed so that no request is duplicated in multiple packages. Similarly, no request to change funding levels may be made outside of a decision package.

Also, a decision package must include all logically connected appropriations changes. For instance, if a law enforcement agency proposed to hire 15 new officers, then that Form B decision package would include not just the new FTEs and the personnel funds to pay the officers' salaries, but also any associated funding for operations and employer healthcare contributions, if necessary. The agency would also likely file a Form C request for one-time funds for a vehicle or other non-recurring equipment needs.

Agencies should seek approval through the Executive Budget Office by September 5, 2014 for any proposed restructurings for FY 2015-16. In the interest of transparency, any approved restructuring request will subsequently need to be submitted by the agency as a discrete decision package.

Agencies have historically had broad discretion to independently “realign” their appropriations lines prior to the commencement of the subsequent year’s budget cycle, often without a stated rationale or a publicly available paper trail. To ensure that citizens and state officials can accurately compare one year’s budget to the next, these realignments now require a Form B.

For similar reasons, each agency must file a Form B to distribute statewide employee benefit allocations (F300), to include the pay raise contained in the final FY 2014-15 budget and higher employer contributions toward employee healthcare costs. The decision package that makes these allocations should contain no other proposed changes.

## **FORM A – SUMMARY**

This form asks agencies to provide an overview of their FY 2015-16 budget requests. Form A facilitates the central review process and serves as a check that all supporting materials have been included in the agency's final submission.

### **RECURRING FUNDS (FORM B DECISION PACKAGES)**

When an agency creates a decision package in PBF, the system automatically generates three identification numbers for that same package. Please identify decision packages using the number assigned to the "Governor's Request" version only.

### **CAPITAL & NON-RECURRING FUNDS (FORM C DECISION PACKAGES)**

When an agency creates a decision package in PBF, the system automatically generates three identification numbers for that same package. Please identify decision packages using the number assigned to the "Governor's Request" version only.

**Figure 2 – Example of Listing Decision Packages**

<b>RECURRING FUNDS (FORM B DECISION PACKAGES)</b>	<b>My agency is submitting the following recurring decision packages (Form B):</b> 64, 211	
	<b>For FY 2015-16, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting a net increase in recurring General Fund appropriations.
	<input checked="" type="checkbox"/>	Not requesting a net increase in recurring General Fund Appropriations.
<b>CAPITAL &amp; NON-RECURRING FUNDS (FORM C DECISION PACKAGES)</b>	<b>My agency is submitting the following one-time decision packages (Form C):</b> 76, 79, 94, 313	
	<b>For FY 2015-16, my agency is (mark "X"):</b>	
	<input checked="" type="checkbox"/>	Requesting capital and/or non-recurring funds.
	<input type="checkbox"/>	Not requesting capital and/or non-recurring funds.

### **PROVISOS**

Form A asks agencies to indicate whether they are requesting substantive or technical proviso changes, if any. A "Proviso Revision Request" (Form D) should be completed for either a substantive or technical change.

### **AGENCY DIRECTOR**

This form must be signed by the department head and board or commission chair, if applicable – not a delegate.



## **FORM B – PROGRAM REVISION REQUEST**

A separate iteration of Form B should be completed for each individual decision package. Additional guidance on this concept appears in the “Decision Package” chapter of these instructions. Form B should be used to propose changes to an agency’s base budget or to submit a request for recurring funding. An agency may submit a decision package solely to identify a more specific source of funds for planned expenditures (for instance, 35050000 vs. 30000000). This type of technical decision package may be submitted exclusively within PBF without filing a Form B.

### **DECISION PACKAGE**

When an agency creates a decision package in PBF, the system automatically generates three identification numbers for that same package. Please identify decision packages using the number assigned to the “Governor’s Request” version only.

### **FUNDING ALTERNATIVES**

Were other sources of funds considered for this project? If so, what were they and why were those alternatives rejected? Could fund balances or other resources be used in whole or in part in order to meet the identified need in FY 2015-16? If so, please comment on the long-term viability of such an approach.

## **FORM C – CAPITAL OR NON-RECURRING REQUEST**

Form C asks agencies to provide information on projects for which they are requesting one-time appropriations in FY 2015-16. This generally includes projects that have been traditionally funded through the Capital Reserve Fund or the proviso that distributes most non-recurring revenue. Complete a single iteration of Form C (and one PBF decision package) for each individual capital/non-recurring project requested.

### **DECISION PACKAGE**

When an agency creates a decision package in PBF, the system automatically generates three identification numbers for that same package. Please identify decision packages using the number assigned to the “Governor’s Request” version only.

### **AMOUNT**

Indicate the amount that is being requested for this project. If this year’s request is part of a multi-year project, please place the FY 2015-16 amount on this line and discuss the balance of the request in the “Long-Term Planning” section below.

### **BUDGET PROGRAM**

Identify the related budget program by name and section. Note: When entering a capital/recurring request into the PBF system, load the request under your agency’s non-recurring program instead of the related budget program identified here.

*Ex. “II.F.1. – Marine Conservation and Management”*

### **SUMMARY**

Provide sufficient information and context on the request that will allow for the project to be evaluated in its own right and also against all other requests that agencies will submit this year. If the request is related to information security or information technology, explain its relationship to the agency’s security or technology plan.

### **RELATED REQUEST(S)**

If the capital/non-recurring request is associated with any other recurring or one-time decision packages, please identify them by name and the “Governor’s Request” version number.

*Ex. “Advanced Plant Technology Lab Expansion – 313”*

### **FUNDING ALTERNATIVES**

Were other sources of funds considered for this project? If so, what were they and why were those alternatives rejected?

### **LONG-TERM PLANNING AND SUSTAINABILITY**

Use this field to explain how the FY 2015-16 request for capital/non-recurring funds for this project fits into the overall strategy for financing the underlying project. Is this part of a multi-year request? What other funds will be used?

Also, explain how this project will affect future budget requests (operating and capital). For instance, if this request is for laboratory equipment, will the agency request personnel and operating expenses in future years for the associated staff and activity? Will funds be needed to license or maintain the equipment in future years? Have sources of those resources been identified?

## **FORM D – PROVISOR REVISION REQUEST**

Agencies should submit this form for each proviso they wish to add, amend, codify, or delete. This includes provisos for which only a technical amendment is requested, such as a date change.

### **NUMBER**

Please ensure that each proviso is cited using the renumbered base, as posted on the Executive Budget Office's website.

*Ex. "SDE: Carry Forward Authorization" was Proviso 1.52 in FY 2014-15. It should now be cited as Proviso 1.46.*

### **BUDGET PROGRAM**

Identify the related budget program by name and section.

*Ex. "II.A.1. – Community Mental Health Centers"*

### **DECISION PACKAGE**

If the request to modify the proviso is associated with a decision package, please identify it by name and the "Governor" version number.

*Ex. "Redesign Licensing System – 70"*

### **OTHER AGENCIES AFFECTED**

If other agencies would be affected by the recommended action, please identify them and discuss the potential impact.